COUNTRY: Argentina

SUBJECT: Government Concern over Unemployment/Perón's Attitude toward U.S.

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SOURCE:

1. There is no indication yet that Perón does not have a firm hold on
    his position although continuing economic troubles have destroyed
    much of the blind faith with which the people have followed him.
    They are not as easily impressed by parades and meetings presided
    over by fiery orators. The people in the lower income brackets have
    been squeezed between low incomes and high commodity prices and now
    plagued by unemployment. But there is no opposition leadership to
    exploit the discontent. It was the opinion of local business men that
    any change would necessitate the army taking over. This would be neces-
    sary even if Perón were to step down voluntarily. I heard no individual
    in the armed forces mentioned as a possible leader in such an eventuality.

2. The government, and even opposition parties, are genuinely scared by the
    growing unemployment. They are trying to frighten employers into retain-
    ing surplus help on their payrolls by declaring that the cause of the
    unemployment wave is mismanagement by industry in failing to estimate
    their needs more accurately so as not to get overproduced. They threaten
    to establish strict controls over production of offenders that would
    virtually relieve them of management of their own affairs.

3. They also encourage unions to threaten employers with strikes if they
    reduce their working force. Shop stewards tell the workmen that lay-offs
    are entirely the fault of management.

4. Some good may emerge from the scare. In conversations with Perón over
    the past five years, he has stressed the fact that he could not get the
    best talent to participate in his cabinet since the good ones belonged
    to opposition parties. I heard much talk of the opposition letting up
    in their refusal to assist his regime and some of them could be expected
    to take cabinet posts soon.